

**STATE OF WISCONSIN  
SAFE DRINKING WATER LOAN PROGRAM  
INTENDED USE PLAN  
FOR FFY 2005 FUNDS  
FOR THE SFY 2006 FUNDING CYCLE**

**June 2005**



**ADMINISTERED BY  
THE DEPARTMENT OF NATURAL RESOURCES  
AND  
THE DEPARTMENT OF ADMINISTRATION**

## **I. INTRODUCTION**

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Public Law 104-182) were signed into law on August 6, 1996. Section 1452 of this Act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish the Drinking Water State Revolving Fund (DWSRF) program. The DWSRF was established to assist public water systems with financing the costs of infrastructure needed to achieve and maintain compliance with the requirements of the SDWA and to protect public health.

Section 1452(b) of the SDWA requires that each state prepare an annual Intended Use Plan (IUP) which identifies the uses of the funds in the DWSRF and describes how those funds support the goals of the Act. This document and its attachments comprise the State of Wisconsin Intended Use Plan for Federal Fiscal Year (FFY) 2005 DWSRF Capitalization Grant funds. Assurances and specific proposals for meeting Federal requirements are provided in the Operating Agreement between the State and EPA Region 5. The IUP is part of Wisconsin's capitalization grant application package for FFY 2005 funds.

## **II. DESCRIPTION OF THE INTENDED USE PLAN**

This IUP provides a description of the short- and long-term goals of the Safe Drinking Water Loan Program (SDWLP), including how the uses of the various set-aside accounts contribute to reaching those goals. It includes the criteria and methods established for the distribution of funds, details on the activities that are being funded from the set-aside accounts, and the financial status of the fund. Attachments to the IUP include the list of projects that applied for funding for State Fiscal Year (SFY) 2006, and a list of all projects with valid Intent to Apply forms, in priority order.

## **III. DESCRIPTION OF THE SAFE DRINKING WATER LOAN PROGRAM**

The SDWLP operates as a direct loan program, similar to the Federal SRF which comprises a portion of the Clean Water Fund Program. Proceeds from general obligation bonds issued by the State provide the state match (equal to 20% of the capitalization grant). The program is jointly administered by the Department of Natural Resources (DNR) and the Department of Administration (DOA) as a program under the Environmental Improvement Fund (EIF).

Subject to the applicable requirements of ss. 281.59 and 281.61, Wis. Stats., the SDWLP may provide the following types of assistance:

- 1) Purchase or refinance the debt obligation of a local governmental unit if the debt was incurred to finance the cost of constructing an eligible project located within the State and the debt obligation was incurred after July 1, 1993.
- 2) Guarantee, or purchase insurance for, municipal obligations for the construction of public water systems, if the guarantee or purchase would improve credit market access or reduce interest rates applicable to the obligation.
- 3) Make loans below the market interest rate.

The SDWLP offers loans at a subsidized interest rate of 55% of the State's market rate. Loans to disadvantaged communities are at 33% of the State's market rate. The State's market rate is the effective interest rate, as determined by DOA, of a revenue obligation issued by the State to fund loans under the EIF. The current market rate for the EIF is 4.300%. SDWLP loans must mature no more than 20 years from the date of the first loan disbursement to the community. Interest payments are required semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup> while principal payments are required annually on May 1<sup>st</sup>.

A local governmental unit may receive financial assistance for projects with the following purposes:

- 1) Address SDWA health standards that have been exceeded or to prevent future violations of health standards and regulations contained in ch. NR 809, Wis. Adm. Code. This includes projects to maintain compliance with existing regulations for contaminants with acute health effects and regulations for contaminants with chronic health effects.
- 2) Replace infrastructure if necessary to maintain compliance or further the public health protection goals of the SDWA. This includes projects with any of the following purposes:
  - a. To rehabilitate or develop sources, excluding reservoirs, dams, dam rehabilitation and water rights, to replace contaminated sources;
  - b. To install or upgrade treatment facilities if, in the department's opinion, the project would improve the quality of drinking water to comply with primary or secondary drinking water standards;
  - c. To install or upgrade storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the public water system;
  - d. To install or replace transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or improve water pressure to safe levels.
- 3) Consolidate existing community water systems that have technical, financial or managerial difficulties. Projects for consolidating existing systems shall be limited in scope to the service area of the systems being consolidated.
- 4) Purchase a portion of another public water system's capacity if it is the most cost effective solution.

- 5) Restructure a public water system that is in noncompliance with the SDWA requirements or lacks the technical, managerial and financial capability to maintain the system if the assistance will ensure that the system will return to and maintain compliance with the SDWA requirements.
- 6) Create a new community water system or expand an existing community water system that, upon completion, will address existing public health problems with serious risks caused by unsafe drinking water provided by individual wells or surface water sources. Projects to address existing public health problems associated with individual wells or surface water sources shall be limited in scope to the specific geographic area affected by contamination. These would include projects where the MCL for microbiological, nitrate/nitrite or a chronic contaminant is exceeded by 50% or more of the individual wells or surface water sources within the affected area.

#### IV. SHORT- AND LONG-TERM GOALS

##### A. Short-Term Goals:

- Direct funds to the State's most urgent SDWA compliance and public health needs;
- Develop strategies, programs, and mechanisms to ensure, improve and evaluate the ability of public water systems to provide safe drinking water;
- Develop effective partnerships with other State and Federal financing sources to coordinate funding and promote efficiency for both the agencies and the applicants;
- Initiate efficient delineation and assessment of public water supply source water areas;
- Implement Wisconsin's Source Water Assessment Program Plan.

##### B. Long-Term Goals:

- Assist public water systems in achieving and maintaining compliance with all applicable State and Federal drinking water requirements;
- Protect the public health and environmental quality of the State;
- Manage the revolving loan fund in such a way as to protect its long-term integrity and enable it to revolve in perpetuity;
- Provide economic assistance, in the form of reduced interest rate loans, to public water supply systems for the purposes of installing the necessary infrastructure to provide an adequate quantity of safe drinking water;
- Evaluate the progress of state programs and strategies in improving the ability of public water systems to provide safe drinking water;
- Maintain a program for ensuring that all public water systems are operated properly;
- Use source water area assessments as a basis for protecting public water supplies.

#### V. FINANCIAL STATUS OF DWSRF

Funds available during SFY 2006 and their intended uses include the following:

FFY 2005 Capitalization Grant	\$16,407,900
State Match	\$3,281,580
Other Funds Available in the SRF	<u>\$9,713,256</u>
Total Amount for SFY 2006	\$29,402,736
Set-aside Amounts:	
Administration	\$656,316
Wellhead Protection	\$50,696
Technical Assistance	\$328,158
Capacity Development	\$0
Operator Certification	\$0
State Program Mgmt.	<u>\$1,640,790</u>
Total Amount of Set-asides	\$2,675,960
Loan Fund	\$26,726,776

Notice of Intent to Apply (ITA) forms for SFY 2006 funding were due by December 31, 2004. The project priority list for SFY 2006 funding totals \$141,081,914 for 56 projects. Applications for SFY 2006 funds were due by April 30, 2005. The DNR received 12 applications totaling \$44,451,254 in project needs. The project priority list of all projects with a valid ITA form was published in *Loan Interests*, #138, in March 2005. The draft funding list, that shows all applicants that met the April 30th deadline, is attached to this IUP. Any funds not used during SFY 2006 will be added to the SFY 2007 or 2008 funding list.

#### VI. TRANSFER OF FUNDS FROM CWSRF TO DWSRF

The State transferred a total of \$23,596,056 in funds from the Clean Water Fund Program to the SDWLP prior to FFY 2002. Federal regulations allowed a transfer of up to 33% of the Drinking Water Capitalization Grants.

The increases to the SDWLP resulting from these transfers did not immediately result in an increase in loan funds available. Due to Federal regulations (8 Quarter Rule) that restrict the rate at which monies can be disbursed for project construction costs incurred prior to loan closing, the transferred monies were first being used to fund projects with such costs whether the costs were paid with internal municipal funds or funds from an interim debt issue. Without the availability of the transferred funds, these projects would have been forced to receive their loan funds over a period of up to eight calendar quarters. For projects that paid construction costs with proceeds from an interim debt, IRS refinancing regulations would require a separate loan closing in each quarter which would have significantly increased the cost to the communities. For projects that paid constructions costs with money from their internal funds, the 8 Quarter Rule would have greatly delayed the recovery of municipal funds advanced that may be needed for other municipal purposes. Accordingly, the application of the transferred funds was first to allow timely and complete refinancing or reimbursement of project costs incurred prior to the loan closing and, after that, to increase loan funds available in the program.

During SFY 2006, in addition to the capitalization grant and state match, the State will be adding \$9,713,256 in other funds that are available in the SRF. Part of this amount is from transferred funds. The remainder of the additional funds are from loan repayments and investment earnings.

## **VII. METHOD AND CRITERIA FOR DISTRIBUTION OF FUNDS**

The purpose of the priority scoring criteria is to establish a list of eligible projects to be funded in a manner that is in accordance with the Federal requirements of the 1996 SDWA reauthorization. The act requires, to the maximum extent practicable, that priority ranking be given to projects that: 1) address the most serious risk to human health; 2) are necessary to ensure compliance with the requirements of the SDWA (including requirements for filtration); and 3) assist systems most in need on a per household basis according to state affordability criteria.

Wisconsin's priority scoring and ranking criteria gives first priority to acute public health risks, particularly those related to microbiological organisms, and second priority to situations that pose chronic and longer-term health risks to consumers, such as organic chemical contamination. The scoring criteria also considers issues that are related to infrastructure upgrading or replacement, to address those projects (or portions of a project) that are eligible for funding but not included in the first two sections.

Projects are granted additional points if the project is associated with a system considered most in need of financial assistance on a per household basis. A public water system must have a population less than 10,000 and a median household income less than or equal to 80% of the State's median household income to qualify for any points related to financial need.

The DNR maintains a project priority list that ranks the projects for which a priority score has been determined. The projects are ranked in order of descending priority with the highest ranked project first. In case of two or more projects having the same priority score, the project serving the largest population shall have highest priority. An annual funding list is developed consisting of all projects that submit complete applications by the April 30<sup>th</sup> application deadline. Projects are listed on the funding list in priority order. The fundable range is established in priority order, except when ranking projects in priority order does not result in at least 15% of the funds being allocated to small systems serving less than 10,000 people. In this case, systems serving less than 10,000 people are given priority until the 15% funding allocation requirement is met.

Once the fundable range of the funding list is established, loans may be made to any project in that range in any order. Projects on the funding list may be removed from the funding list, upon written notice by the department, if any of the following situations occur:

- a) requirements of s. NR 166.10, Wis. Adm. Code, are not met;
- b) a project is canceled or the funding request is withdrawn by the applicant;
- c) the DNR determines that the applicant is unable to proceed with construction of the project in the fiscal year in which funds are requested;
- d) the project failed to meet the engineering review requirements or does not have DNR approval;
- e) the applicant has reached the 25% biennial present value subsidy cap, (in any biennium, no local governmental unit may receive more than 25% of the present value subsidy approved for that biennium);
- f) the DOA is not satisfied that the local governmental unit has the financial capacity, as described in ch. Adm 35, Wis. Adm. Code, to assure sufficient revenues to operate and maintain the project for its useful life and to pay the debt service on the obligations it issues for the project;
- g) Federal or State refinancing or reimbursement restrictions prevent funding.

## **VIII. SET-ASIDE ACTIVITIES**

### **1) Source Water Assessment Program (SWAP)**

#### **A. Background on Funding and Timeline**

The State of Wisconsin's FFY 1997 Capitalization Grant funds totaled \$41,546,400. Of this amount, up to 15% was available to be used on SDWA Sec. 1452(k) activities. A maximum of 10% could go to any one activity, such as source water area delineations and assessments. Due to the one-time availability (FFY 1997 only) of funding for source water area delineations and assessments, the State set aside the entire \$4,154,640 (10%). There is no additional state match requirement tied to this money.

In November 1999, EPA approved Wisconsin's SWAP plan, which included a request for an 18-month extension giving a completion deadline of May 6, 2003. Due to unforeseen delays in completing assessments and changes in assessment delivery policy, this deadline was not attainable. The DNR worked with EPA to revise its timeline, giving Wisconsin until December 2004 to complete the SWAP.

A total of \$263,040 of SWAP funds was unspent as of April 25, 2003, the end date for SWAP funding. These funds were transferred to the Wellhead Protection (WHP) set-aside account and used to continue SWAP and WHP efforts. WHP set-aside awards from SFY 2003, 2004 and 2005 have also been added to this account and have been used to help complete source water assessments and concurrent WHP work. Now that the SWAP is complete, we request further funds for continuing WHP work. This request is made under the WHP section of this IUP.

#### B. Program Progress in SFY 2005

SWAP/Source Water Protection (SWP) activities in SFY 2005 included the following:

- Assessments for municipal systems that were not completed in SFY 2004 were completed and hand-delivered to system operators. Meetings with operators were used to explain the assessment and the sensitive nature of the well location information, and to promote wellhead protection planning based on the results of the assessments.
- Assessments for other-than-municipal (OTM) community and non-community systems were completed by December 30, 2004 and made available to the systems upon request.
- Brief summaries of all the above assessments and complete assessments for surface water systems were made available on the Internet.
- Groundwater resource characterization continued by updating and maintaining current hydrogeologic models and supporting water table mapping efforts in areas where most cost-effective.
- Programming efforts continued to maintain and enhance the automated WHP/SWAP/vulnerability assessment and mapping tools for use by DNR staff.
- SWP areas were used to help determine State Targeted Runoff Management grant, Brownfields grant, and Federal Conservation Reserve Program funding as well as to prioritize nutrient management planning.

#### C. Program Plans for SFY 2006

Wisconsin's source water assessments were completed at the end of December 2004. In SFY 2006 Wisconsin will continue promoting SWP and WHP. Wisconsin will also continue to work cooperatively with other Region 5 States, and EPA, to develop common approaches to shared concerns such as SWP reporting. See the Wellhead Protection section for a more detailed description of WHP activities proposed for SFY 2006.

## 2) Wellhead Protection

#### A. Background on Funding and Timeline

The DNR originally requested \$120,000 in WHP set-aside funds; 50% for information and education activities and 50% for data integration. In a May 2001 letter to EPA, the DNR reported that it planned to use all \$120,000 for information and education activities. The entire \$120,000 has been spent for teacher workshops, a wellhead protection video, two contracts to fund a Statewide Groundwater Guardian Coordinator position, publication of the *Wisconsin Wellhead Protection News* newsletter and other educational activities.

#### B. Program Progress in SFY 2005

During SFY 2005, the DNR's Groundwater Section worked with the Center for Watershed Science and Education (formerly the Central Wisconsin Groundwater Center) at Stevens Point and the Wisconsin Geological and Natural History Survey (WGNHS) to sponsor three additional workshops to provide training to teachers on use of the groundwater sand tank model (12 workshops were held previously). Approximately \$13,400 of the set-aside money was spent on 24 groundwater models (which were given to teachers), substitute teachers, equipment used in the workshops and related expenses.

In addition to the workshops, the Section continued to manage a contract with the Center for Watershed Science and Education to hire a Statewide Groundwater Guardian Coordinator to promote the Groundwater Guardian program in Wisconsin. This contract ends June 30, 2005. Contract costs this year are \$27,081 for a two-year total of \$45,000. Costs for 2 newsletters used up another \$126.

The DNR requested and received an additional \$430,000 in wellhead protection set-aside funds for SFY 2005 to supplement carryover WHP set-aside funds for the following SWAP and WHP activities:

- SWAP/WHP Data Coordinator position;
- Regional SWAP/WHP staff to complete all source water assessments and promote WHP;
- Contracts for groundwater resource characterization-hydrogeologic model maintenance and water table mapping;
- Contracts for the Groundwater Guardian position at the Center for Watershed Science and Education;
- Contract for teacher workshops;
- Contracts for SWAP/WHP mapping and data applications;
- Contracts for well database redesign project.

It is projected that there will be approximately \$190,000 available from previously requested funds for WHP work in SFY 2006.

#### C. Program Plans for SFY 2006

The following WHP activities are planned for SFY 2006:

- Maintaining a Data Services Professional position through January 6, 2006 to continue to coordinate WHP data activities.
- Continue promoting WHP with existing staff (we will no longer have a project employee in each Region of the State).
- Groundwater resource characterization will continue by updating and maintaining current hydrogeologic models and supporting water table mapping efforts in areas where most cost-effective.
- Programming efforts will continue to maintain and enhance the automated vulnerability assessment and mapping tools, and groundwater databases for use by DNR staff.
- The DNR will work with the Center for Watershed Science and Education and WGNHS to sponsor three additional workshops to provide training to teachers on use of the groundwater sand tank model. The cost for the workshops, 2 newsletters, and WHP video copying will total \$15,000.
- A one-year project to increase understanding of groundwater flow across aquitards will be supported.
- A project to centralize access to groundwater information for use in comprehensive planning. This funding request includes both SFY 06 and SFY 07 funding for this two-year project.

The total cost of the above activities is itemized below.

Item	Salary	Fringe	Supplies/ Services	Indirect (16.73%)	Total
IS Data Services Professional (0.5 years)	\$18,042	\$8,047	\$2,500	\$4,365	\$32,954
Contracts for groundwater resource characterization (including data collection, model maintenance, and water table mapping)					\$20,000
Contracts for WHP mapping and groundwater data applications					\$80,000
Contract(s) for teacher workshops					\$15,000
Contract for characterizing mechanisms of groundwater flow across aquitards					\$32,709
Contract for centralizing access to groundwater information for use in comprehensive planning (2-year project)					\$60,033
Total Cost					\$240,696
Less Estimated Carry Over from SFY 2005					\$190,000
Total SFY 2006 Request					\$50,696

### 3) Technical Assistance

#### A. Background

Up to 2% of the Capitalization grant can be used every year for technical assistance to small systems. From the beginning of the program through SFY 2005 Wisconsin has requested \$2,403,588 in set-aside funds for this purpose.

#### B. Current Technical Assistance Contracts

During SFYs 2004 and 2005 two projects were continued using the 2% technical assistance set-aside.

- One-On-One Assistance To Other-than-Municipal Systems and Non-transient Non-community (NTNC) Systems.
- Coalitions of Small Systems.

The One-On-One Assistance contract ended August 31, 2004, and was renewed for another year with the Wisconsin Rural Water Association (WRWA). The renewed contract will run from September 1, 2004 to August 31, 2005. The Coalitions of Small Systems contract ended February 28, 2005. This contract was also renewed with the WRWA and will run from March 1, 2005 to February 28, 2006.

The One-On-One Assistance and the Coalitions of Small Systems both have 1-year renewals remaining. We are requesting \$328,158 for SFY 2006.

- One-On-One Assistance To Other-than-Municipal Systems  
One-On-One Assistance To Non-transient Non-community Systems

The Wisconsin Rural Water Association is making one-on-one visits with OTM and NTNC water systems to discuss drinking water issues vital to each system. Topics being covered are Monitoring/Violations, New SDWA and State Regulations, Operator Certification, Vulnerability Assessments, Operation & Maintenance, and Sanitary Surveys.

Discussions for 2005 will be aimed at producing the following: less monitoring and reporting violations, less MCL violations, less public notice violations, and a greater knowledge of regulations.

- Coalitions of Small Systems

A contract was awarded to the Wisconsin Rural Water Association to conduct meetings for the 22 established municipal coalition groups. Each coalition will have at least 4 meetings during 2005 and 2006. The intent of the coalition groups is to establish forums where operators may discuss issues in an informal setting, network with other communities and systems in the same area, share ideas and possibly equipment, and receive information on the new EPA regulations and discuss their implications.

The scope of this contract also includes conducting meetings for the 6 established OTM/NTNC coalitions and creating four more OTM/NTNC groups. Each of these coalitions will have at least 2 meetings during 2004-2005 and 2005-2006.

It is the intent that people attending the Municipal and OTM/NTNC groups would receive continuing education credits towards their certified operator requirements. For OTMs and NTNCs the content of the courses is to be regulatory in nature and guidelines have been developed to assist trainers in their course materials.

- Revision of TNC and NTNC Operator Handbooks

Both the transient non-community (TNC) and NTNC Operator Handbooks will be revised and reprinted during SFY 2006.

#### **4) Capacity Development**

Since September 1, 1999, the DNR has been creating and implementing an effective capacity development program to ensure that new and existing public water systems demonstrate technical, managerial, and financial capacity. New community water systems and NTNC water systems have undergone capacity evaluations. Existing systems have received guidance prepared to help them reach and maintain capacity. The DNR's sanitary survey process is currently being revised to include capacity evaluations for existing systems.

Wisconsin Administrative Code Chapter NR 809, Subchapter IX, requires "capacity evaluations" for all new community and NTNC water systems prior to construction. As of April 15, 2005, seventy-one systems have undergone capacity evaluations. Twenty-five of these systems were community systems and forty-six were NTNC water systems.

The Capacity Development Coordinator has created and updated guidance aimed at helping water systems reach and maintain capacity. This fact sheet, along with other Capacity Development guidance and information is posted on the DNR's web site. Updates to the Capacity Development program have been included in routine newsletters to DNR staff.

The Capacity Development Coordinator has played a lead role in the development of a revised sanitary survey process that would incorporate an existing system capacity evaluation. The DNR has modified the drinking water data system to include water system data and sanitary survey evaluations. As part of a revised sanitary survey process, these data and evaluations will aid the DNR in targeting systems for assistance, identifying statewide issues, making policy decisions, and reporting to other agencies. Additionally, enhancements to the sanitary survey are being made to ensure that the DNR addresses the requirements of the proposed Groundwater Rule. Guidance has been created that will help DNR staff carry out the revised sanitary survey. Several inspectors have conducted surveys using the new process on a pilot basis. One-on-one training focusing on the details of the new process is ongoing. Updates and ongoing coordination of the new sanitary survey process will be conducted by the Capacity Development Coordinator. Proposed comprehensive training of DNR staff will aim to standardize the sanitary survey process.

A Capacity Development Annual Status Report to EPA will be completed by October 31, 2005. This year, a status report will be sent to the governor on September 30, 2005.

Since the beginning of the program, \$400,000 has been requested from past capitalization grants for Capacity Development. No additional funds for Capacity Development are being requested at this time.

## **5) Operator Certification**

Over the 2 years since the operator certification program offered its first classes in March 2002, the number of OTM and NTNC public water systems in Wisconsin without a certified operator has dropped from 1420 to 380 (2004) to 50 systems in 2005. All OTM and NTNC systems were required to have a certified operator by March 1, 2005. In all, 965 operators have taken the exam with only 5 failing. The high pass rate is a result of a combination of a number of things, including the fact that the course content offered just prior to the exam is well focused and instruction is top-notch. Most operators have also had multiple years of experience operating a small water system prior to taking the examination. The 50 systems currently without certified operators are sending operators to exams (May 4 or November 2) being held in many locations throughout the State, or will be hiring a contract certified operator. Systems who failed to have certified operators by March 1, 2005 received either a letter or phone call notifying them they were not in compliance and had options to register for an upcoming exam or should contract with a certified operator.

New training sessions are being contracted with Wisconsin Rural Water Association planned for 2005-2006. WRWA will develop and deliver continuing education credit (CEC) courses designed specifically for OTM and NTNC certified operators. These operators are seeking CECs as part of their certification license renewal. Currently, small system operators earn CEC credits by attending a wide range of small system training. However, we want to focus small system training specifically on regulatory topics to positively impact compliance with Safe Drinking Water Act requirements. We intend to provide small system operator courses that are regulatory in nature with hopes of improving compliance at small water systems statewide.

The small systems DNR website has been and will continue to be updated and improved. This includes, but is not limited to, providing a list of current continuing education credit opportunities, providing a list of contract operator services, exam registration process and applications, a list of answers to frequently asked questions, operator certification training list, and an on-line manual and training questions. The operator certification class and exam will also include coverage of rule changes. The process of developing exams for treatment subclasses has begun, with identification of affected systems already completed. However, the treatment subclass exams need additional review and they have not yet been incorporated into our exam schedule. It is expected that subclass exams for small system operators will be implemented during the 2006 calendar year.

A standard operational procedures manual is under development to aid small system operators with routine operations. Small system operators will receive this manual upon becoming certified. Those already certified will be sent the manual once it is completed. It will include multiple DNR and EPA publications along with many handouts ranging from new regulation fact sheets to worksheets used for logging bacti results. A focus group has been formed to help in its production and for important feedback of its contents. The focus group will consist of DNR central office and regional employees as well as contract and resident small system operators.

A newsletter unofficially titled "The Certified Operator" was developed. This newsletter was sent to the operators and is geared towards operator certification and important operator certification topics. The first issue was released in August 2004, with 3 to 4 releases per year thereafter. Letters are continually sent to systems without certified operators to encourage operators to attend an operator certification class and exam. These letters have also been used to inform systems of important topics related to operator certification and to inform systems to identify certified operators not currently in our inventory. Letters will also be sent to systems that already have certified operators to expose them to issues of interest like that of continuing education credits. Both letter types will be delivered as needed over the next year. Articles regarding the latest operator certification issues will continue to be written in the *WRWA Journal*, *WRWA Small Systems Newsletter*, and *WWA Journal*, which are published 3 to 4 times per year.

The Expense Reimbursement Grant will cover the majority of the costs associated with the operator certification program including a position for coordination of operator certification in the Public Water Supply Section. The position is currently vacant. The remaining money from prior capitalization grants will be used to fund a contract with the Bureau of Integrated Science Services related to issuing and tracking operator certifications. Currently \$36,600 is spent annually to fund this contract. As of July 1, 2005 approximately \$250,000 of operator certification set-aside funds will remain from past capitalization grant appropriations.

Since the beginning of the program, \$500,000 has been requested from past capitalization grants for Operator Certification. No additional funds for Operator Certification are being requested at this time.

## **6) State Program Management**

As a result of implementation of additional SDWA requirements (such as the Groundwater rule, Enhanced Surface Water Treatment rule, Disinfection/Disinfection Byproducts rule, Capacity Development requirements, Operator Certification requirements, as well as revised standards for arsenic and radionuclides), additional staff is necessary to meet basic program



needs for new SDWA initiatives as well as existing program requirement changes (such as sanitary surveys being required every 3 years instead of every 5 years for some system types). Six positions are currently assigned to these tasks. The activities are similar to existing staff positions for Water Supply Specialists and engineers.

The 10% set-aside for state program management is being utilized for this purpose. The full \$1,640,790 is being requested. This set-aside contains a dollar for dollar state match requirement. This state match is being met through state overmatch funds from the Public Water System Supervision (PWSS) grant.

- Engineering position (1) (Currently staffed): Responsible for performing engineering duties in the water program for municipal, OTM, and NTNC water systems. This includes performing sanitary surveys, annual inspections, operation and maintenance assistance, consultation with systems and engineers on plan review and system design, monitoring water quality, contamination response, witnessing and monitoring of new construction, and enforcement activities. The position corresponds with municipal officials, consulting engineers, waterworks operators, state and local health officials, the media, politicians, and others regarding these systems. The time break down of activities is as follows:
 

65%	Engineering surveillance of municipal, OTM, and NTNC water systems.
15%	Provision of technical assistance to municipal, OTM, and NTNC water systems.
10%	Enforcement activities for municipal, OTM, and NTNC water systems.
10%	Provision of training and information to public water system owners/operators, DNR staff and other agencies.
- Engineering position (1) (Currently vacant): Responsible for: 1) review of plans and specifications for community water systems for compliance with construction requirements of Chapter NR 811, Wisconsin Administrative Code and for review of sanitary survey inspections conducted at municipal water systems. 2) coordinating implementation activities necessary to insure statewide consistency of the Safe Drinking Water (SDW) program, and 3) acting as the statewide coordinator for enforcement of the SDW program. Activities include: electronically monitor and analyze statewide SDW program reports, develop and implement procedures to measure program implementation consistency statewide, devise procedures and policies to enhance consistency and provide training to field and central office staff, and monitor and coordinate SDW enforcement procedures statewide. The time breakdown of activities is as follows:
 

40%	Review plans and specifications for improvements to community water systems.
20%	Review sanitary surveys conducted by regional inspectors for consistency and completeness.
20%	Measure consistency of SDW program implementation statewide. Develop policies, procedures, and training to optimize program consistency.
20%	Monitor statewide enforcement of the SDW program. Develop and implement policies and procedures to standardize enforcement procedures, program staff and the regulated community.
- Water supply/program specialist positions (4) (Currently staffed): Responsible for implementing the SDWA program for community, OTM, NTNC, and TNC systems. This includes conducting sanitary surveys, preparing survey reports, enforcement activities, monitoring sample submissions and reports from these systems, operation and maintenance assistance, limited plan review, investigative sampling, providing public education, and training of system operators/samplers. The time break down of activities is as follows:
 

65%	Surveillance of OTM, NTNC, and TNC water systems.
10%	Enforcement activities for OTM, NTNC, and TNC water systems.
15%	Provision of technical assistance to systems owners/operators.
10%	Provision of training and information to public water system owners/operators, DNR staff and other agencies.

The approximate staff budget for the 6 additional positions is \$543,376 per year. The funds will be utilized over 2 years following expenditures of the FFY 2004 set-aside funds.

- Review of plans and specifications for water main extensions (1 LTE) (Currently staffed): Due to budget shortfalls, the DNR's student intern program will be eliminated. In order to accommodate the workload, a limited term employee has been hired in replacement of the intern position. Total cost per year is \$23,480. 100% of the activities are related to the review of plans and specifications for water main extensions.
- Contractual program management activities: In addition to the realignment of positions, other budgetary shifts will be necessary to continue core program activities. These include funding of additional county inspection contracts for the inspection of non-community water systems, funding the record storage for plan approval decisions, data entry, data system programming, and funding of a limited term employee to complete reviews of non-complex water facilities including water mains. The annual costs for these activities are anticipated to be:

County inspection contracts	\$225,000
Record storage	\$17,000
Data System Programming	\$11,539

The total cost for all activities funded under this set-aside will be \$1,640,790. These funds will be expended across the biennium following expenditure of the FFY 2004 set-aside. The dollar figures are based on current expenditures adjusted for inflation at 2% per year.

#### **IX. DISADVANTAGED COMMUNITIES**

The SDWLP offers a lower interest rate to local governmental units that meet two eligibility criteria. This rate is 33% of the State's market rate. Local governmental units that do not meet the two criteria receive loans at 55% of the State's market rate. The two eligibility criteria are:

- 1) the local governmental unit's population must be less than 10,000; and
- 2) the local governmental unit's median household income (MHI) must be 80% or less of the State's MHI.

Although Federal regulations allow for up to 30% of the Capitalization Grant to be used for principal subsidies, Wisconsin will not be making subsidies below a further reduced interest rate in order to preserve as much of the loan monies as possible to meet the high demand for assistance. As Wisconsin's disadvantaged communities program is not offering principal subsidies, there is no limit on how many communities may qualify.

#### **X. PUBLIC PARTICIPATION PROCESS**

Public participation in the set-aside activities is as described in Section VIII above. This IUP is being distributed to the public in the publication *Loan Interests*, no. 140, in June 2005. The IUP is also accessible through the Environmental Loans Section's web page at [www.dnr.state.wi.us/org/caer/cfa/EL/Section/Newsletters/newsletters.html](http://www.dnr.state.wi.us/org/caer/cfa/EL/Section/Newsletters/newsletters.html). A public hearing covering the SDWLP funding list and funding policies, as well as other items, will be held on July 27, 2005 in the GEF 2 building, 101 South Webster Street, in Madison.

**DRAFT State Fiscal Year 2006 SDWLP Funding List**

June 29, 2005

PERF Score	Municipality (*Small Systems)	County	Project No.	Requested Costs	Funds Available for this Municipality	Funds Remaining [\$26,726,776]	Elig. for 33% of Market Interest Rate?**	Project Description	Small Systems Funds [\$4,009,016]
596	New Auburn, Village of *	Chippewa	5202-01	\$ 1,262,524	\$ 1,262,524	\$ 25,464,252	Yes	Replace elevated tank; upgrade watermain & pump	\$ 2,746,492
279	Neenah, City of	Winnebago	4856-02	\$ 12,468,046	\$ 12,468,046	\$ 12,996,206	No	Construct new water treatment plant	
247	Menasha, City of	Winnebago	4845-03	\$ 10,937,000	\$ 7,029,979	\$ 5,966,227	No	Construct new filtration system, granu. actv. carbon contactors & UV disinfection	
183	Fond Du Lac, City of	Fond du Lac	5142-01	\$ 8,677,700	\$ -	\$ 5,966,227	No	Improve water treatment plant & system	
180	Suring, Village of *	Oconto	5213-02	\$ 1,032,815	\$ 1,032,815	\$ 4,933,412	Yes	Construct well, station & transmission main	\$ 1,713,677
146	Seymour, City of *	Outagamie	5211-01	\$ 668,612	\$ 668,612	\$ 4,264,800	No	Upgrade well #3, pumphouse & water system	\$ 1,045,065
143	Algoma Sanitary District No. 1 *	Winnebago	5118-03	\$ 4,264,800	\$ 4,264,800	\$ -	No	Expand distribution system	\$(3,219,735)
120	Osceola, Village of *	Polk	5203-01	\$ 864,240			No	Construct well #4, pumphouse, watermain & emergency generator	\$ -
87	Augusta, City of *	Eau Claire	5186-01	\$ 2,088,307			Yes	Construct well/pumphouse #10 & water treatment facility	\$ -
71	Greenwood, City of *	Clark	5246-01	\$ 350,000			Yes	Improve water system	\$ -
60	Gillett, City of *	Oconto	5195-01	\$ 1,392,950			No	Construct new well #4, new pump house #3, & transmission main; eliminate dead ends	\$ -
47	Arena, Village of *	Iowa	4757-03	\$ 444,260			No	Replace water tower; rehab pump & controls	\$ -
					\$ 7,228,751	Total Small Community Funding			
					\$ 19,498,025	Total Larger Community Funding			
					\$ 26,726,776	Total Funding			

**\$ 44,451,254 Total SDWLP \$ Requested**

\*The SDWLP must allocate a minimum of 15% of the available funds in each fiscal year to public water systems that regularly serve fewer than 10,000 persons. Communities marked with an asterisk meet this criterion. The policy for allocating funds to small communities is included in the SFY 2006 funding policies.

\*\*Projects that have a "Yes" in the Elig. for 33% of Market Interest Rate column are projects of municipalities with a population less than 10,000 and a median household income (MHI) that is 80% or less of the state's MHI.

Note: The above list is a draft for informational purposes only. The SDWLP can't allocate funds to any projects until the Wisconsin state budget is signed by the governor. The budget authorizes the SDWLP's state match for the federal capitalization grant and the amount of present value subsidy available for projects in the biennium.